

## Message Text

PAGE 01 STATE 038837  
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R 142126Z PEB 78  
FM SECSTATE WASHDC  
TO AMEMBASSY SEOUL

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E.O. 11652: N/A

TAGS: ETRD, KS

SUBJECT: GENERAL TRADING COMPANIES AND KOREA'S FOREIGN  
TRADE

REF: SEOUL'S 00168 OF 1/19/78

1. EMBASSY'S RECENT SERIES OF AIRGRAMS ON KOREA'S CONGLOMERATES HAS PROVEN MOST USEFUL AND TIMELY. THE SERIES ANSWERS MANY QUESTIONS ABOUT RAPIDLY EXPANDING INDUSTRIES AND KEY COMPANIES IN KOREA'S ECONOMIC GROWTH. THE REQUIREMENTS AND INCENTIVES LINKING THE CONGLOMERATES TO ROKG TRADE OBJECTIVES INDICATE THAT COMPANY OPERATIONS ARE OF INCREASING INTEREST TO OUR OWN TRADE POLICY.

2. FIGURES LISTED IN THE ENCLOSURE TO SEOUL'S A-42, ALTHOUGH NOT COMPLETE, SEEM TO INDICATE THAT KOREA'S GENERAL TRADING COMPANIES ARE OF INCREASING INTEREST TO OUR OWN TRADE POLICY.

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AL TRADING COMPANIES (GTC'S) DIFFER IN SUBSTANTIAL RESPECTS FROM JAPAN'S TRADING FIRMS, THE "SOGO SHOSHA." THE LATTER COMPANIES, ACCORDING TO A RECENT BROOKINGS INSTITUTION PUBLICATION, IMPORT MORE THAN THEY EXPORT. THE FIGURES GIVEN IN A-42, HOWEVER, SUGGEST THAT THE GTC'S ARE EXPORTERS THAT ARE INVOLVED ALSO IN A RELATIVELY MODEST IMPORT BUSINESS.

3. AS EMBASSY DEVELOPS FURTHER INFORMATION ON GTCS, WE WOULD APPRECIATE EXPANDING THE SCOPE OF ANALYSIS TO IN-

CLUDE GREATER DETAIL ABOUT IMPORT ACTIVITIES OF THESE COMPANIES. THIS INFORMATION WOULD BE USEFUL TO BOTH TRADE POLICY ANALYSTS AND TO U.S. COMPANIES INTERESTED IN THE KOREAN MARKET.

4. ADDITIONALLY, THE FIGURES IN THE LAST SENTENCE OF REFTEL PARAGRAPH FIVE ARE NOT CONSISTENT WITH OTHER FIGURES IN THE TELEGRAM AND MAY HAVE BEEN GARBLED IN TRANSMISSION (I.E. TOTAL KOREAN 1978 EXPORT TARGET OF DOLLARS 12.5 BILLION, GTC EXPORTS OF DOLLARS 4.7 BILLION OR 45 PERCENT OF TOTAL EXPORT VOLUME). WE WOULD APPRECIATE RECEIPT OF FIGURES ON GTC EXPORT TARGETS, AND ON IMPORT TARGETS IF AVAILABLE, FOR 1978. VANCE

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## Message Attributes

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